

Family 1:

Paul Schreiber (husband)
Theresa Schreiber (wife)

Paul and Theresa Schreiber jointly own 30% of Spartan Broadcasting, Inc.

Family 2:

Edward L. Bolding, Sr. (husband)
Ramona G. Bolding (wife)
Edward L. Bolding, Jr. (son)

Edward L. Bolding, Sr. and Ramona G. Bolding jointly own 70% of Spartan Broadcasting, Inc.

Edward L. Bolding, Jr. and Edward L. Bolding, Sr. are directors of Spartan Broadcasting, Inc.

*None of these parties has any interest in or connection with any other broadcast station or pending application.

The following documents relate to ownership rights in Spartan Broadcasting, Inc.:

1. Certified Copy of Articles of Incorporation.
2. Copy of the Agreement of the Shareholders.
3. Copy of the Shareholder's Lodger.
4. Copy of Shareholder Action to Elect Board of Directors.

STATE OF NORTH CAROLINA



Department of The
Secretary of State

To all whom these presents shall come, Greeting:

I, Rufus L. Edmisten, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached (3 sheets) to be a true copy of

ARTICLES OF INCORPORATION

OF

SPARTAN BROADCASTING, INC.

the original of which is now on file and a matter of record in this office.

In Witness Whereof, I have hereunto set my hand and affixed my official seal.

Done in Office, at Raleigh, this 25th day of April in the year of our Lord 1990.

ARTICLES OF INCORPORATION
OF
SPARTAN BROADCASTING, INC.

I, the undersigned natural person of the age of eighteen years or more, hereby do make and acknowledge these Articles of Incorporation for the purpose of forming a business corporation under and by virtue of the laws of the State of North Carolina as contained in Chapter 55 of the General Statutes of North Carolina, entitled "Business Corporation Act," and the several amendments thereto, and to that end hereby do set forth:

1. The name of the corporation is Spartan Broadcasting, Inc.
2. The period of duration of the corporation is perpetual.
3. The purposes for which the corporation is organized are:
 - (a) To operate and engage in the wholesale and retail sale of real and personal property of all types.
 - (b) To operate and engage in the business of renting and leasing real and personal property of all types.
 - (c) To operate and engage in the business of providing services of all types without limitation.
 - (d) To operate and engage in the business of manufacturing goods and products of all types and kinds.
 - (e) To operate and engage in the business of making investments in and the developing of real and personal property of all types.
 - (f) To operate and engage in any directly, indirectly, horizontally or vertically related business, enterprise or venture.
 - (g) To engage in any lawful act or activity for which corporations may be organized under Chapter 55 of the General Statutes of North Carolina.
4. The corporation shall have authority to issue 100,000 shares of common stock with a par value of \$1.00 per share.

5. The minimum amount of consideration to be received by the corporation for its shares before it shall commence business is \$1.00 in cash or property of equivalent value.

6. The shareholders of the corporation shall have no preemptive right to acquire additional or treasury shares of the corporation.

7. The address of the initial registered office of the corporation is 1001 College Court, New Bern, Craven County, North Carolina 28560; and the name of the initial registered agent at such address is Rodney A. Currin.

8. The number of directors of the corporation may be fixed by the bylaws.

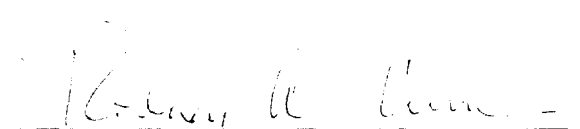
The number of directors constituting the initial board of directors shall be two and the names and addresses of the persons who shall serve as directors until the first meeting of shareholders, or until successors shall be elected and qualified, are as follows:

<u>Name</u>	<u>Address</u>
Christopher A. Burke	5 Annabelle Lane Florham Park, NJ 07932
Edward L. Bolding, Jr.	13812 Cypress Village Circle Tampa, FL 33624

9. The name and address of the incorporator are Rodney A. Currin, 1001 College Court, New Bern, North Carolina, 28560.

10. In addition to the general powers granted corporations under the laws of the State of North Carolina, the corporation shall have full power and authority to do any and all lawful acts of any nature whatsoever.

IN TESTIMONY WHEREOF, I have hereunto set my hand, this the 4th day of January, A.D. 1990.


Rodney A. Currin

STATE OF NORTH CAROLINA

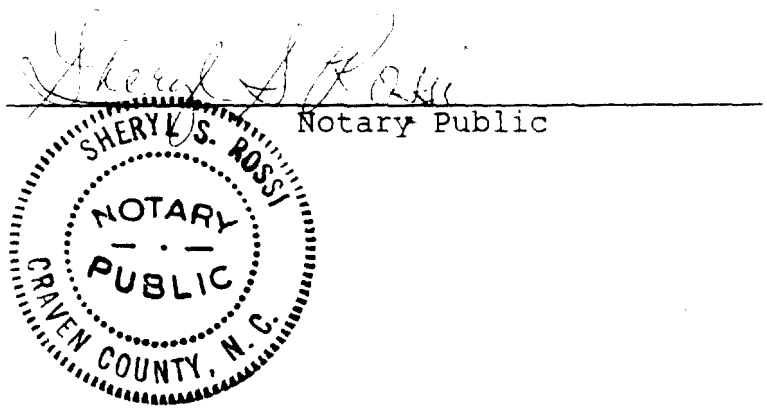
COUNTY OF Craven

THIS IS TO CERTIFY that on the 4th day of January, A.D. 1990, before me, a Notary Public, personally appeared RODNEY A. CURRIN, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation, and I having first made known to him the contents thereof, he did acknowledge that he signed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal, this the 4th day of January, A.D. 1990.

My Commission Expires:

11-15-93



90-0003(A)
5PRG
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90-01-00413

SPARTAN BROADCASTING, INC.

AGREEMENT OF SHAREHOLDERS

STATE OF NORTH CAROLINA
COUNTY OF CRAVEN

AGREEMENT OF SHAREHOLDERS

THIS AGREEMENT, made and entered into as of the 12th day of March, 1990, by and between EDWARD L. BOLDING, SR., RAMONA G. BOLDING, THERESA SCHREIBER and PAUL SCHREIBER (hereinafter referred to individually as "Shareholder" and collectively as "Shareholders"); and SPARTAN BROADCASTING, INC., a North Carolina corporation with its principal office and place of business in Craven County, North Carolina (hereinafter referred to as "Corporation");

W I T N E S S E T H :

WHEREAS, the individual parties hereto are the sole common shareholders of the Corporation; and,

WHEREAS, the Corporation has elected to be taxed as an S corporation under Subchapter S of the Internal Revenue Code of 1986, as amended (the "Code"); and,

WHEREAS, the parties to this Agreement believe that it is in their mutual best interests to provide for continuity and harmony in the management and policies of the Corporation; and,

WHEREAS, in addition, the parties to this Agreement believe that it is in their mutual best interests and in the best interests of the Corporation to preserve the status of the Corporation as an S corporation under the Code; and,

WHEREAS, accordingly, the Shareholders desire to provide for the future disposition and transfer of the shares of stock of the Corporation as hereinafter specified.

NOW, THEREFORE, for and in consideration of the agreements and covenants contained herein, and for other good and valuable considerations, the receipt of which hereby is acknowledged, it mutually is agreed and covenanted by and between the parties to this Agreement as follows:

1. RESTRICTION ON TRANSFER PURSUANT TO BONA FIDE OFFER
- (a) In the event a Shareholder desires to sell or otherwise

transfer any portion or all of the shares owned by such Shareholder pursuant to a "bona fide offer" by a proposed third-party transferee, the Shareholder shall give written notice thereof, which notice shall include a copy of said offer, to the Corporation and to the other Shareholders. As used herein, the term "bona fide offer" means an offer made in good faith and in writing which includes (i) the number of shares to be transferred, (ii) the name and address of the proposed transferee, (iii) the consideration for the proposed transfer, (iv) the time, place and manner for payment and closing, and (v) the other terms of the proposed sale or disposition.

(b) The Corporation shall have the right, for a period of thirty (30) days following receipt of said notice of intent to sell or otherwise dispose of the shares, to elect by notice to the Shareholder to purchase such shares from the Shareholder at the price and upon the same terms and conditions as are set forth in the "bona fide offer" of the proposed third-party transferee.

(c) In the event the Corporation shall not elect within the foregoing thirty (30) day period to purchase the shares as to which notice of intent to sell or dispose has been given as provided in subparagraph (a) of this paragraph, then the other Shareholders shall have the right for a period of thirty (30) days following the expiration of the initial thirty (30) day period to notify the Shareholder of the other Shareholders' election to purchase the shares at the price and upon the same terms and conditions as are set forth in the "bona fide offer" of the proposed third-party transferee. In the event there is more than one purchasing Shareholder, then each such purchasing Shareholder shall have the right to purchase such portion of the shares offered for sale as the number of shares owned by such purchasing Shareholder at such date shall bear to the total number of shares owned by all of the other purchasing Shareholders; provided, however, that if any such Shareholder shall not elect to purchase such Shareholder's full proportionate share of the stock, the

balance of such stock may be purchased by such remaining Shareholders in similar ratio.

(d) If any consideration to be received from the proposed third-party transferee pursuant to the "bona fide offer" is property other than cash, then the price per share shall be measured to that extent by the fair market value of such noncash consideration. For purposes of the preceding sentence, "fair market value" means the sum of (i) the fair market value of any noncash consideration offered for the shares, plus (ii) the value of any special benefits to the selling Shareholder of such noncash consideration to the extent they reasonably can be identified and evaluated, plus (iii) the amount of any additional expense or costs (including additional taxes) incurred by the selling Shareholder in accepting cash instead of such noncash consideration, in each case based upon a realistic appraisal of such noncash consideration, special benefits, expense or costs.

If the Corporation, the other Shareholders, or both, elect to purchase the offered shares of the Shareholder desiring to sell or dispose of said shares, all of such offered shares must be purchased by the Corporation, the other Shareholders or both.

(e) If neither the Corporation nor the other Shareholders elect within the foregoing time periods provided to purchase the subject shares, then the offering Shareholder shall have the right to sell or otherwise dispose of such shares to the proposed third-party transferee identified in the notice given pursuant to subparagraph (a) of this paragraph within a period of thirty (30) days commencing at the expiration of the other Shareholders' thirty (30) day option period as provided in subparagraph (c) of this paragraph except that any such sale or other disposition may not be made (i) for a greater or lesser amount of such shares, or (ii) at a greater or lesser price, or (iii) on terms different from those set forth in the notice provided to the Corporation and the other Shareholders pursuant to subparagraph (a) of this paragraph. In the event the subject shares are not sold or disposed of within

the thirty (30) day period provided in this subparagraph, such shares again shall become subject to the restrictions of this Agreement as though they had never been so offered.

No notice pursuant to subparagraph (a) of this paragraph may be given by a Shareholder during the period that any notice previously given pursuant to Paragraphs 2 or 3 is outstanding, i.e., from the time of such notice until closing of the purchase or lapse of the option periods, as the case may be.

For purposes of this Paragraph 1, any election or decision by the Corporation with regard to the purchase of shares of an offering Shareholder shall be made pursuant to a vote of the outstanding shares of the Corporation, the shares owned by the offering Shareholder not voting.

2. BUY-SELL - Except as provided in Paragraph 1, if a Shareholder should desire to dispose of any of such Shareholder's stock in the Corporation during such Shareholder's lifetime, such Shareholder first shall give to the other Shareholders a notice which shall contain a written offer to sell to the other Shareholders all of the offering Shareholder's shares in the Corporation or to purchase from the other Shareholders all of such other Shareholders' shares in the Corporation. No offer shall be subject to the provisions of this paragraph unless such offer (i) is both an offer to sell all of the shares of the offering Shareholder and an offer to purchase all of the shares of the non-offering Shareholders, (ii) specifies the single per share price at which the offering Shareholder will sell all of such Shareholder's shares in the Corporation or at which the offering Shareholder will purchase all of the shares of the other Shareholders, and (iii) further specifies that the purchase price shall be paid at closing in cash or by certified funds or by bank cashier's check.

More than one Shareholder may give notice of an offer pursuant to the provisions of this paragraph if done simultaneously and with the written mutual consent of the offerors. In the event

notice of an offer is given by more than one Shareholder (by mutual consent), such offering Shareholders and all stock owned by each shall be deemed united as though owned by a single Shareholder for purposes of the offer and sale procedure provided herein.

Except as herein provided for united offers made by mutual consent of the offerors, no notice hereunder may be given by a Shareholder during the period that (a) any previous notice hereunder is outstanding, i.e., from the time of such notice until closing of the purchase or (b) any notice pursuant to Paragraph 1 is outstanding, i.e., from the time of such notice until closing of the purchase or lapse of the option periods, as the case may be.

The offer made pursuant hereto shall be irrevocable for a period of sixty (60) days and the Shareholders receiving the offer, on or before the sixtieth (60th) day after the date of such offer, may accept either the offer to sell or the offer to purchase, and upon acceptance thereof, the offering Shareholder shall be obligated to sell or to purchase as the case may be. It is the intent of this paragraph that the non-offering Shareholders shall be deemed united for purposes of exercising their option either to buy or to sell all of said stock at said price, with the result that the offering Shareholder either shall purchase all of the shares in the Corporation owned by the non-offering Shareholders or shall sell all of such offering Shareholder's shares in the Corporation.

Subject to the requirement to purchase all of the shares of the offering Shareholder or Shareholders, each non-offering Shareholder shall have the right to purchase such portion of the stock offered for sale as the number of shares owned by each at such date shall bear to the total number of shares owned by all of the non-offering Shareholders; provided, however, that if any non-offering Shareholder shall not elect to purchase such Shareholder's full proportionate share of the stock, the balance of such stock may be purchased by such remaining Shareholders in similar ratio.

If the Shareholders receiving the offer fail within said sixty (60) day period to accept either of said offers, then the offer automatically shall expire and be of no further force or effect; provided that the offering Shareholder thereupon shall have the right, on or before the fifteenth (15th) day after the expiration of said sixty (60) day period, to elect to purchase all of the shares of the Shareholders receiving the offer at the price specified in the original offer, and if the offering Shareholder exercises such right, the Shareholders receiving the offer shall be required to sell their shares to the offering Shareholder at said price. If the offering Shareholder fails to exercise such Shareholder's right to purchase within the time specified, the Shareholders agree to take immediately thereafter all steps necessary to dissolve and liquidate the Corporation pursuant to the provisions of North Carolina General Statutes §55-117, §55-119(a) and §55-121.

In the event of the death of a Shareholder during the term of an outstanding offer hereunder, the provisions of Paragraph 3 shall govern and the provisions of this paragraph shall be of no further force or effect with respect to such pending offer, provided that the death of the Shareholder occurs before acceptance of any offer made under this paragraph or before any right to purchase under this paragraph is exercised, as the case may be, and provided further that this paragraph shall remain operative with regard to any subsequent offer or offers made pursuant to the terms hereof.

Acceptance by the Shareholders receiving an offer hereunder and exercise by the offering Shareholder of the right to purchase shall consist of a written notice specifying that such offer thereby is accepted or that such right thereby is exercised, as the case may be.

If a Shareholder or Shareholders exercises such Shareholder's or Shareholders' right to buy or sell, the closing shall be held at the offices of Ward and Smith, P.A., attorneys at

law, at 10:00 a.m. on the date specified by the purchasing Shareholder or Shareholders by written notice to the selling Shareholder or Shareholders, which date shall be on or before the thirtieth (30th) day after such right to buy or sell has been exercised.

At the closing, the selling Shareholder or Shareholders shall deliver to the purchasing Shareholder or Shareholders certificates for the shares which properly shall be endorsed with signatures guaranteed by a state or national bank so as to transfer and convey absolute title to said shares free and clear of any lien, pledge, defect in title, encumbrance, right or option to purchase, or claim of any kind. In the event the closing shall take place after the death of a selling Shareholder, the personal representative of such Shareholder, in addition to all other conditions and obligations imposed hereunder, shall deliver to the purchasing Shareholder or Shareholders at the closing a bond or other security in form and amount satisfactory to counsel for the purchasing Shareholder or Shareholders for the purpose of holding harmless such purchaser or purchasers from the lien of federal estate taxes, state inheritance/estate taxes, and all other taxes which may attach to the shares.

The purchasing Shareholder or Shareholders jointly and severally shall hold harmless and indemnify the selling Shareholder or Shareholders or the estate(s) thereof, as the case may be, and the spouse(s), if any, of such selling Shareholder or Shareholders from and against any and all threatened or incurred loss, cost, claim, damage or expense of any kind, including attorney fees, in any manner arising out of the failure of the Corporation or the purchasing Shareholder or Shareholders to discharge any indebtedness or to perform any other obligations, if any, of the Corporation with respect to which the selling Shareholder or Shareholders or the estate(s) thereof, as the case may be, or the spouse(s) of same, if any, shall be liable.

Each Shareholder shall be responsible for such Shareholder's own expenses, including attorney fees, in connection with the purchase or sale pursuant hereto. The selling Shareholder shall convey such Shareholder's full interest in the Corporation free and clear of any encumbrances or claims of any nature.

3. DEATH - Upon the death of a Shareholder, the Corporation shall purchase and the estate of the deceased Shareholder shall sell all of the deceased Shareholder's shares in the Corporation now owned or hereafter acquired. The purchase price of such shares shall be determined as follows:

(a) The price established by "Schedule A", if any, attached hereto and incorporated herein by reference; provided that said schedule shall not be valid unless dated within the eighteen (18) full calendar months immediately preceding the death resulting in the sale and purchase of stock hereunder, or

(b) In the event that (1) there is no price established pursuant to subparagraph (a) above or (2) any price so established was not established within the required eighteen (18) month period, then the price per share shall be determined as of the date of the subject death by arbitration pursuant to the provisions of the paragraph of this Agreement entitled "Arbitration."

The purchase shall be closed and the purchase price shall be paid in cash or other immediately available funds at the offices of Ward and Smith, P.A., attorneys at law, at 10:00 a.m. on a date determined by the Corporation by written notice to the personal representative of the deceased Shareholder, which date shall be within ninety (90) days after the occurrence of the subject death; unless arbitration is necessary to determine value, in which case the time for payment shall be extended, if necessary, to allow for the completion of the arbitration procedure pursuant to the provisions of this Agreement.

At the closing, the personal representative of the deceased Shareholder shall deliver to the Corporation certificates for the shares which properly shall be endorsed with the signature guaranteed by a national or state bank so as to transfer and convey absolute title to said shares free and clear of any lien, pledge, defect in title, encumbrance, right or option to purchase, or claim of any kind. The personal representative of the deceased Shareholder, in addition to all other conditions and obligations imposed hereunder, shall deliver to the Corporation at the closing a bond or other security in form and amount satisfactory to counsel for the Corporation for the purpose of saving harmless the Corporation from the lien of federal estate taxes, state inheritance/estate taxes, and all other taxes which may attach to the shares.

In the event a Shareholder's stock interest in the Corporation is purchased pursuant to the provisions of this paragraph, the Corporation and the remaining Shareholders hereby jointly and severally agree to indemnify and hold harmless the estate of such deceased Shareholder and such Shareholder's spouse, if any, from and against any and all threatened or incurred loss, cost, claim, damage, or expense of any kind, including attorneys' fees, in any manner arising out of the failure of the Corporation or the remaining Shareholders to discharge any indebtedness or to perform any other obligations, if any, of the Corporation with respect to which the estate of such deceased Shareholder or the spouse of same, if any, shall be liable.

4. PROHIBITION AGAINST TRANSFER OR ENCUMBRANCE - No Shareholder in any way shall transfer, encumber or pledge any part or all of such Shareholder's stock in the Corporation at any time without the written consent of all of the parties hereto, except as herein otherwise provided.

No stock in the Corporation now or hereafter held by a Shareholder, or any right or interest in such stock, may be involuntarily transferred, assigned or alienated, by court order

or otherwise, and no such stock, or right or interest therein, shall be subject to attachment, garnishment, levy, execution or other legal or equitable process.

5. SUBCHAPTER S STATUS - (a) Pursuant to the consent of the Shareholders, the Corporation has elected under Section 1362 of the Code to be taxed as an S corporation, and the Shareholders desire that the Corporation maintain its status as an S corporation. Accordingly, in addition to all other requirements of this Agreement and notwithstanding any contrary term or provision of this Agreement, the Shareholders agree that no Shareholder shall transfer all or any portion of such Shareholder's interest in the shares of stock of the Corporation owned by such Shareholder by way of sale, gift, bequest, assignment, pledge, intestate succession, transfer in trust or otherwise if such transfer could result in the termination of the Corporation's status as an S corporation under the Code.

Implementation of this restriction shall be as follows:

(i) A Shareholder (specifically including without limitation the estate of a deceased Shareholder for all purposes pursuant to this paragraph ("SUBCHAPTER S STATUS")), at least sixty (60) days prior to a proposed transfer of all or any portion of the Shareholder's interest in the shares of the Corporation owned by such Shareholder, shall give, in a form satisfactory to counsel for the Corporation, written notice to the Corporation of the name and address of the proposed transferee or transferees and the legal status thereof, i.e., whether an individual, partnership, corporation, trust, estate or otherwise. Additionally, a noticing Shareholder promptly shall submit to the Corporation such information and documentation as the Corporation may request in connection with making a determination as to whether the proposed transfer could result in the termination of the Corporation's status as an S corporation under the Code, including, without limitation, information and documentation (including the proposed trust instrument in the event the proposed transferee is a trust) with respect to the legal status of the proposed transferee or

transferees. No Shareholder shall transfer shares in the Corporation unless and until the Corporation approves the transfer in writing, and the decision of the Corporation in this regard shall be final and binding for all purposes upon all parties hereto as well as the proposed transferee or transferees. Such written approval by the Corporation and the proposed transfer of shares in the Corporation by the noticing Shareholder is expressly subject to and conditioned upon the execution of this Agreement (and any consent, filing, agreement or other document related to the status of the Corporation as an S corporation) by any person deemed to be necessary or desirable by the Corporation.

The Corporation shall approve or disapprove of requested transfers of shares pursuant hereto in the order in which the Corporation receives the notice required by this subparagraph (i).

(ii) The Shareholders hereby direct and authorize the transfer agent of the Corporation to refuse to transfer shares of stock on the stock transfer books of the Corporation unless the transfer agent has received from the Corporation a written statement to the effect (A) that the requested transfer will not result in the termination of the Corporation's status as an S corporation under the Code and (B) that all persons required by the Corporation have executed any and all documents required by the Corporation pursuant to subparagraph (i) above.

(iii) Any transfer or attempted transfer of shares in violation of this paragraph ("SUBCHAPTER S STATUS") shall be null and void and the Shareholder attempting the transfer shall retain title to said shares.

(b) The Shareholders agree that the Corporation shall revoke its election to be taxed as an S corporation under the Code only upon the written consent of Shareholders owning at least a majority of the outstanding shares of the Corporation.

(c) Each Shareholder (specifically including without limitation any beneficiary of any trust that is a Shareholder) agrees that, except as permitted under subparagraph (b) hereof,

such Shareholder shall not take or withhold any action which could result in the termination of the status of the Corporation as an S corporation under the Code and further agrees that such Shareholder shall execute any consent, make or join in any filing and take or withhold any action as requested by the Corporation or as otherwise necessary in order to preserve the status of the Corporation as an S corporation under the Code.

(d) A Shareholder (specifically including without limitation any beneficiary of any trust that is a Shareholder) who in any manner or capacity causes or authorizes, or threatens or attempts to cause or authorize, by action or inaction (including, without limitation, loss of eligibility (pursuant to the Code) as an S corporation shareholder and any transfer of shares of stock (including without limitation transfers resulting from a Shareholder's death)), whether intentional or otherwise, the termination of the Corporation's status as an S corporation (except as permitted in subparagraph (b)) shall indemnify and hold harmless the Corporation and every other Shareholder from any and all damages, liabilities or costs resulting directly or indirectly therefrom, including without limitation any additional federal tax liability (including any additional income taxes and any interest and penalties assessed by the Internal Revenue Service) incurred by the Corporation and any other Shareholder as a result of such termination and any legal or accounting fees or other costs incurred in (i) computing any such tax liability and (ii) collecting from the responsible Shareholder amounts due under this indemnity. The additional federal tax liability resulting from the termination of the Corporation's status as an S corporation under the Code in violation of the terms of this Agreement shall be computed by the accountant or accounting firm then regularly employed by the Corporation and the determination of such accountant or accounting firm of such liability shall be conclusive and binding on all parties hereto for all purposes. Indemnification hereunder shall include, without limitation, costs

incurred by the Corporation and any Shareholder in preventing, rectifying, attempting to prevent or rectify or otherwise responding to any action, attempted action or inaction, which could terminate the Corporation's status as an S corporation.

(e) Additionally and notwithstanding any terms or provisions of this Agreement to the contrary, in the event a Shareholder or any beneficiary of any trust that is a Shareholder in any manner or capacity causes or authorizes, or threatens or attempts to cause or authorize, by action or inaction (including without limitation, loss of eligibility (pursuant to the Code) as an S corporation shareholder and any transfer of shares of stock (including without limitation transfers resulting from a Shareholder's death)), whether intentional or otherwise, the termination of the Corporation's status as an S corporation (except as permitted in subparagraph (b)), the Corporation thereupon shall have the right and option, exercisable by written notice thereof to such Shareholder ("defaulting Shareholder") or the personal representative of a deceased defaulting Shareholder, as the case may be, to purchase all of the shares in the Corporation owned by such defaulting Shareholder or the estate of the deceased defaulting Shareholder. The Corporation shall have one hundred twenty (120) days following (i) receipt by the Corporation of written notice of such action or inaction, whether threatened or already attempted, or (ii) the date the Corporation gains actual knowledge that such action or inaction is threatened or has occurred whichever occurs first, to exercise such option. In the event the Corporation (i) elects not to exercise its option or (ii) fails to exercise such option within the option period, the remaining Shareholders (other than the defaulting Shareholder or the personal representative of a deceased defaulting Shareholder, as the case may be), then shall have the right and option for a period of sixty (60) days following the expiration of the foregoing initial one hundred twenty (120) day period to purchase the subject shares, which right shall be exercisable by written notice thereof

to the defaulting Shareholder or the personal representative of the deceased defaulting Shareholder, as the case may be. If there is more than one remaining Shareholder, then each such remaining Shareholder shall have the right to purchase such portion of the shares of the defaulting Shareholder as the number of shares owned by each such remaining Shareholder at such date shall bear to the total number of shares owned by all remaining Shareholders; provided, however, that if any remaining Shareholder shall not elect to purchase his or her full proportionate number of shares, the balance of any such shares may be purchased by the other remaining Shareholders in similar proportions.

It expressly is understood that neither the Corporation nor the remaining Shareholders have any obligation to purchase shares pursuant to this subparagraph (e), and the liability of the defaulting Shareholder, the estate of a deceased defaulting Shareholder or any beneficiary of any trust that is a Shareholder hereunder, as the case may be, shall not be affected by the failure of the Corporation or the remaining Shareholders to elect to purchase shares pursuant to this subparagraph (e).

For the purposes of this subparagraph (e), any election or decision by the Corporation with regard to the purchase of a defaulting Shareholder's shares or a deceased defaulting Shareholder's shares, as the case may be, shall be made pursuant to a majority vote of the outstanding shares of the Corporation, the shares owned by the defaulting Shareholder or the deceased defaulting Shareholder not voting nor being counted in the total number of shares outstanding.

The purchase price of the shares shall be the value determined pursuant to subparagraphs (i) and (ii) below multiplied by seventy-five percent (75%):

- (i) The price established by "Schedule A", if any, attached hereto and incorporated herein by reference; provided that said schedule shall not be valid unless dated within the eighteen (18) full calendar months immediately preceding the exercise of the option to purchase the stock

resulting in the sale and purchase of stock hereunder, or

(ii) In the event that (A) there is no value established pursuant to subparagraph (i) above, or (B) any value so established was not established within the required eighteen (18) month period, then the per share value shall be the per share value as of the date of the exercise of the option to purchase the stock which results in the sale and purchase of shares hereunder, as determined by arbitration pursuant to the provisions of the paragraph of this Agreement entitled "Arbitration".

WARD AND SMITH, P.A., ATTORNEYS AT LAW
The purchase shall be closed and the purchase price shall be paid in cash or other immediately available funds at the offices of Ward and Smith, P.A., attorneys at law, at 10:00 a.m. on a date determined by the Corporation or remaining Shareholders, as the case may be, by written notice to the defaulting Shareholder or the personal representative of the deceased defaulting Shareholder, which date shall be within ninety (90) days after the election to purchase pursuant hereto unless arbitration is necessary to determine value, in which case the time for payment shall be extended, if necessary, to allow for the completion of the arbitration procedure pursuant to the provisions of this Agreement.

At the closing, the defaulting Shareholder or the personal representative of the deceased defaulting Shareholder, as the case may be, shall deliver to the Corporation certificates for the shares which properly shall be endorsed with the signature guaranteed by a national or state bank so as to transfer and convey absolute title to said shares free and clear of any lien, pledge, defect in title, encumbrance, right or option to purchase, or claim of any kind. The personal representative of the deceased defaulting Shareholder, in addition to all other conditions and obligations imposed hereunder, shall deliver to the Corporation at the closing a bond or other security in form and amount satisfactory to counsel for the Corporation for the purpose of saving harmless the Corporation from the lien of federal estate

taxes, state inheritance/estate taxes, and all other taxes which may attach to the shares.

6. ENDORSEMENT ON CERTIFICATE - Each certificate representing a share or shares of stock of the Corporation now or hereafter held by the Shareholders shall have the following inscription placed upon same by the Secretary of the Corporation:

"This certificate is held subject to the provisions of an Agreement of Shareholders dated the 12th day of March, 1990, which restricts the right of transfer of this certificate. A copy of said Agreement is on file at the registered office of the Corporation."

7. SPECIFIC PERFORMANCE - Except with regard to any indemnification provided for herein, the parties hereto do declare that it is impossible to measure in money the damages that would accrue to a party or to the estate of a deceased Shareholder by reason of failure of performance of any obligations under this Agreement. Therefore, in the event that any party hereto or the personal representative of a deceased Shareholder shall institute any action or proceeding to enforce the provisions hereof, the defendant or defendants against whom such action or proceeding is brought hereby do waive the claim or defense therein that such party or the personal representative of a deceased Shareholder has an adequate remedy at law, and such person shall not urge in any action or proceeding the claim or defense that such remedy at law exists, the parties hereto expressly recognizing that specific performance of this Agreement is the only adequate remedy for any failure of performance hereunder.

8. NOTICE - All notices pursuant to this Agreement shall be in writing delivered in person or by certified or registered United States mail, return receipt requested with postage prepaid. The last or best known address on file with the Corporation shall be utilized and refusal or non-delivery at said address shall be deemed delivery after seven (7) days. Any acceptances hereunder shall be in writing. A copy of all notices and acceptances

likewise shall be delivered to the Secretary of the Corporation at the time of the issuance of the original of same, but the failure to so deliver such copy shall not affect the validity of the delivery of the original.

9. BINDING EFFECT - This Agreement shall be binding upon the Shareholders and the Corporation who are parties hereto and, as applicable, their respective heirs, legal representatives, successors or assigns.

If the Corporation is unable to make any purchase required of it hereunder because of the provisions of the applicable statutes or the Corporation's Charter or Bylaws, the Corporation agrees to take such action as may be necessary for the Corporation to make such purchase, but not in violation of applicable law. Each Shareholder hereby does agree to and further does direct such Shareholder's executor, administrator or personal representative to vote any stock held by such Shareholder or by the personal representative thereof as aforesaid to carry out the terms of this Agreement.

10. AMENDMENT OR MODIFICATION - Except as provided in the following paragraph as to termination, this Agreement may be altered, amended or terminated only by a writing signed by all of the Shareholders hereto and the Corporation, and any written waiver of any requirement by all parties shall be for that one occasion and shall not be continued unless expressly so provided in writing.

11. TERMINATION - This Agreement shall terminate upon the occurrence of any of the following events:

(a) Final adjudication of bankruptcy or receivership of the Corporation; or,

(b) Formal dissolution of the Corporation; or,

(c) Death of all Shareholders covered by this Agreement within a period of sixty (60) days; or,

(d) When there survives only one (1) Shareholder who is a party to this Agreement and the terms and conditions of this

Agreement as to the withdrawn or deceased Shareholders have been completed; or,

(e) Execution of a termination agreement pursuant to the preceding paragraph.

12. ARBITRATION - In the event of a disagreement with respect to valuation of shares, the dispute shall be referred to an arbitration committee whose decision shall be binding on all of the parties hereto without further action or recourse. The arbitration committee shall value the shares by determining the fair market value of the Corporation and then dividing such fair market value by the total number of issued and outstanding shares to obtain a per share value. The per share value so determined shall not be subject to any discount, premium or other adjustment.

The arbitration committee shall be comprised of three (3) persons, each of whom is a resident of the State of North Carolina. The remaining Shareholders on behalf of the Corporation and the personal representative of the deceased Shareholder each shall name one person to serve on the arbitration committee, and the two (2) persons so chosen shall choose a third person. The decision of two (2) members of the committee shall be the decision of the committee. In the event that arbitration shall be necessary to determine the value of shares, the committee shall determine a reasonable rate of interest to be paid on the purchase price for the period that closing shall be postponed as a result of the disagreement with respect to valuation and the resulting arbitration process.

In the event that the members of the arbitration committee are not chosen within thirty (30) days from the date a party hereto gives notice of a demand for arbitration, any party hereto thereafter shall have the right to apply to an appropriate court for the appointment by the court pursuant to North Carolina General Statutes Section 1-567.4 to the committee of three (3) qualified and disinterested arbitrators.